

IN THE CLAIMS:

Below are the claims pending in the application, including current amendments as indicated:

1. (Currently Amended) An electronic funds transfer system comprising:
 - a) a central controller CPU in electronic communication over the Internet with system users and participating banks, said central controller CPU accessible by one or more system users engaged in a funds transfer transaction, the CPU programmed to process the on-line transaction, monitor for on-line electronic funds transfers monitoring said central controller CPU acting and to function as a conduit for processing the handling of transaction between system users,
 - b) means at each participating bank, said means in communication with the central controller CPU, for buyers and sellers of goods or services to establish electronic funds accounts linked to demand deposit accounts in said participating banks, wherein electronic representations of currency purchased by said buyers from demand deposit accounts in said participating banks are deposited in said buyer's electronic funds account, ~~where~~ said electronic representations of currency ~~have~~ having an original monetary value tied to a selected actual currency,
 - c) a transaction processor module associated with said central controller CPU for processing interactive letters of credit, establishing and releasing, encumbrances on electronic funds deposited in said electronics funds accounts as financial transactions are entered into and consummated, ~~and~~ said transaction processor module acting on instructions from a first system user to pay identified obligations to another user of other participants in said electronic funds transfer system, and
 - d) a central controller storage module associated with the central controller CPU capable of storing information regarding all electronic on-line transactions between the buyers, sellers and the participating banks,

~~and~~ said central controller CPU being programmed to automatically balance electronic funds with their corresponding bank reserves ~~through-out~~ throughout the system on a selected periodic

basis and, on a selected periodic basis, issue reports of the status of such transactions, wherein the buyer in each transaction has control over the specification of electronic funds to be encumbered, the funds once encumbered ~~are~~ being restricted from access by the buyer with the exception of release to the seller, unless released back to buyer by seller.

2. (Currently Amended) The electronic funds transfer system of claim 1 further including a new account module in communication with the central controller CPU, said new account module accessible by system users over the Internet, for qualifying new users and recording initial electronic representations of currency reserves deposited in support of electronic funds accounts at said participating bank.

3. (Currently Amended) The electronic funds transfer system of claim 1 further including voice or video communications ~~linkages~~ between system users and the central controller CPU.

4. (Original) The electronic funds transfer system of claim 3 further including electronic and person assisted dispute resolution and customer support services.

5. (Original) The electronic funds transfer system of claim 1 further including encryption, de-encryption and re-encrypting capabilities for recording and storing transaction records in a secure data storage facility, data stored for each transaction being accessible only by the participants of the transaction and an authorized operator of the electronic funds transfer system.

6. (Currently amended) The electronic funds transfer system of claim 1 wherein the system is accessible by a buyer and seller communicate communicating therewith over the Internet using the central controller CPU ~~has as~~ an intermediary, the central controller CPU ~~serving only to provide~~ providing information services, a data link between users, a record of financial transactions, funds encumbrancing, encumbrances and un-encumbrancing ~~thereof~~ and to reconcile funds transfers on completion of a transaction to the satisfaction of the buyer and seller.

7. (Currently Amended) The electronic funds transfer system of claim 1 wherein electronic funds encumbered by a first buyer for the benefit of a first seller can be re-encumbered by said first seller for the benefit of one or more ~~second sellers or funds providers~~ third parties to which said first seller owes a financial obligation, such that when the transaction between the first

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buyer and the first seller is completed and the encumbrance by the first buyer on first buyer funds is released, the released funds are automatically transferred, pursuant to instructions of first seller, to such one or more ~~second sellers or funds providers, and prior sellers to said second sellers as so instructed~~ third parties in accordance with instructions by such participants electronically preestablished within the system.

8-14 (Canceled)